PUBLIC HEALTH, LABOUR AND MUNICIPAL ADMINISTRATION SECRETARIAT

Security Deposits from Municipal Contractors.

READ—

Letter No. 1489/AUD 3/CSA, dated 27th March 1962, from the Controller, State Accounts Department, Bangalore.

PREAMBLE —

The Controller, State Accounts Department states that according to Rule 307 of the Municipal Accounts Manual in respect of all Municipal works executed by Contractors, security should be taken for the due fulfilment of the contract and this should be either in the shape of a lumpsum recovery or a deduction of 10 per cent made from the payments due from time to time on account of work done. But the procedure that is actually adopted by most of the Municipalities is the one that was being followed in the Public Works Department, *viz*, 5 per cent Deposit is taken as earnest money deposit and 5 per cent is recovered from the running Bills of successful contractors Thus a total of 10 per cent is held in deposit as security.

In this connection he has invited reference to G.O No. PWD 98 ORG 58, dated 18th September 1959 prescribing rules for the registrations of contractors in the Public Works Department that a deposit of 2½ per cent of the estimated cost of the work has to be made while offering tenders and a further deduction of 5 per cent is to be made from the running bills of the contractors. This is against the previous provision for recovery of 10 per cent security deposit obtaining earlier. In view of this concession allowed in the Public Works Department it is reported that the contractors taking up municipal works have asked for similar concessions. He therefore requests that orders of Government may be obtained on the demand for such concessions

ORDER No. PLM 58 MAD 62, DATED BANGALORE,
THE 8TH FEBRUARY 1963.

After due consideration of the proposal of the Controller, State Accounts Department, Government are pleased to order that since uniformity in security deposits is desirable *vis-a-vis* Municipalities and the Public Works Department in order that contractors might not feel discriminated against, the request of the Municipal Contractors is accepted and the prescribed procedure in the Public Works Department may be adopted in the case of contractors entrusted with Municipal Works also.

The Controller, State Accounts Department is requested to issue necessary correction slips to Rules 306(c) and 307 of the Municipal Accounts Manual

By Order and in the name of the Governor of Mysore,

H. L. LINGARAJ URS,
Deputy Secretary to Government,
Public Health, Labour and Municipal
Administration Department.